

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2006

1. Accounting policies

The unaudited condensed interim financial statements ("interim financial statements") have been prepared in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and in compliance with the Hong Kong Accounting Standards No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

These interim financial statements should be read, where relevant, in conjunction with the 2005 annual financial statements of the Group.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2005.

2. Turnover and segmental information

An analysis of the Group's consolidated turnover and contribution to profit (loss) from operations by principal activity and geographical location for the six months ended 30 June 2006 and 2005 is as follows:

	Turnover		Contribution to profit (loss) from operations	
	Six months ended 30 June		Six months ended 30 June	
	2006 Unaudited HK\$'000	2005 Unaudited HK\$'000	2006 Unaudited HK\$'000	2005 Unaudited HK\$'000
By principal activity:				
Trading and manufacturing	630,557	686,966	(37,974)	(29,182)
Property investment and development	6,648	6,879	8,373	110,563
Travel and related services	917,963	766,087	11,308	5,162
Securities and financial services	78,859	55,001	9,069	(14,853)
Media and publications	98,621	96,711	(47,607)	(34,044)
Information and technology	39,984	30,588	(4,398)	(3,750)
Agriculture	882	562	(2,374)	(4,355)
Investment holding	–	–	210,631	7,503
	<u>1,773,514</u>	<u>1,642,794</u>	<u>147,028</u>	<u>37,044</u>
By geographical location*:				
The People's Republic of China (including Hong Kong)	1,220,386	1,037,358	190,953	78,255
United States of America	337,724	383,814	(17,279)	(17,416)
Europe	148,165	147,821	(17,799)	(16,410)
Japan	7,402	6,780	(2,408)	(805)
Others	59,837	67,021	(6,439)	(6,580)
	<u>1,773,514</u>	<u>1,642,794</u>	<u>147,028</u>	<u>37,044</u>

* Turnover by geographical location is determined on the basis of the location where merchandise is delivered and/or service is rendered.

3. Profit from operations

Profit from operations for the period is arrived at after charging (crediting):

	Six months ended 30 June	
	2006	2005
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Depreciation	28,880	23,325
Bad and doubtful debts in relation to financial business	7,333	10,722
Interest expense for margin financing and money lending operations	8,021	2,689
Gains from securities, bullion and commodities trading, net	(5,716)	(3,912)
Interest income from margin financing and money lending operations	(24,476)	(16,124)

4. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (six months ended 30 June 2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

5. Interim dividend

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2006 (six months ended 30 June 2005: Nil).

6. Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately HK\$96,786,000 (six months ended 30 June 2005: HK\$27,238,000) and on 1,823,401,376 shares (six months ended 30 June 2005: 1,823,401,376 shares) in issue during the period.

Diluted earnings per share is not shown, as there is no dilution effect for both periods.

7. Interests in associates

The amounts included advances to an associate indirectly held by the Company and details are as follows:

Name of associate	Proportion of issued capital held indirectly by the Company	Advances from the Group as at 30 June 2006 <i>HK\$'000</i>	Guarantee given by the Group <i>HK\$'000</i>
Firm Wise Investment Limited ("FWIL") (<i>note</i>)	30%	213,880	210,000

Note: The advances and guarantees given were used to finance a property development project in Hong Kong. The advances are unsecured, interest bearing at 0.5% per annum, repayable on demand and subordinated to the bank loans of the associate. The guarantees given is to be matured in November 2010 of which approximately HK\$207,450,000 were utilized as at 30 June 2006.

The following details have been extracted from the unaudited financial statements of the Group's significant associate, FWIL:—

	As at 30 June 2006 <i>HK\$'000</i>
Assets	1,562,863
Liabilities	<u>(1,485,258)</u>

8. Available-for-sale financial assets

Available-for-sale financial assets included listed equity securities in Hong Kong at market value of HK\$66,896,000 (31 December 2005: HK\$22,662,000).

9. Trade receivables

Trade receivables of approximately HK\$428,603,000 (31 December 2005: HK\$322,202,000) are stated net of impairment for trade receivables, substantially with an aging within 6 months.

Impairment is made when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of the receivables.

10. Trade payables

Trade payables of approximately HK\$681,029,000 (31 December 2005: HK\$536,082,000) are substantially with an aging within 6 months.